

# EUROMONITOR INTERNATIONAL

*Making sense of global markets*

## **Future Competitiveness of CEEC Packaged Food & Beverage Manufacturers**

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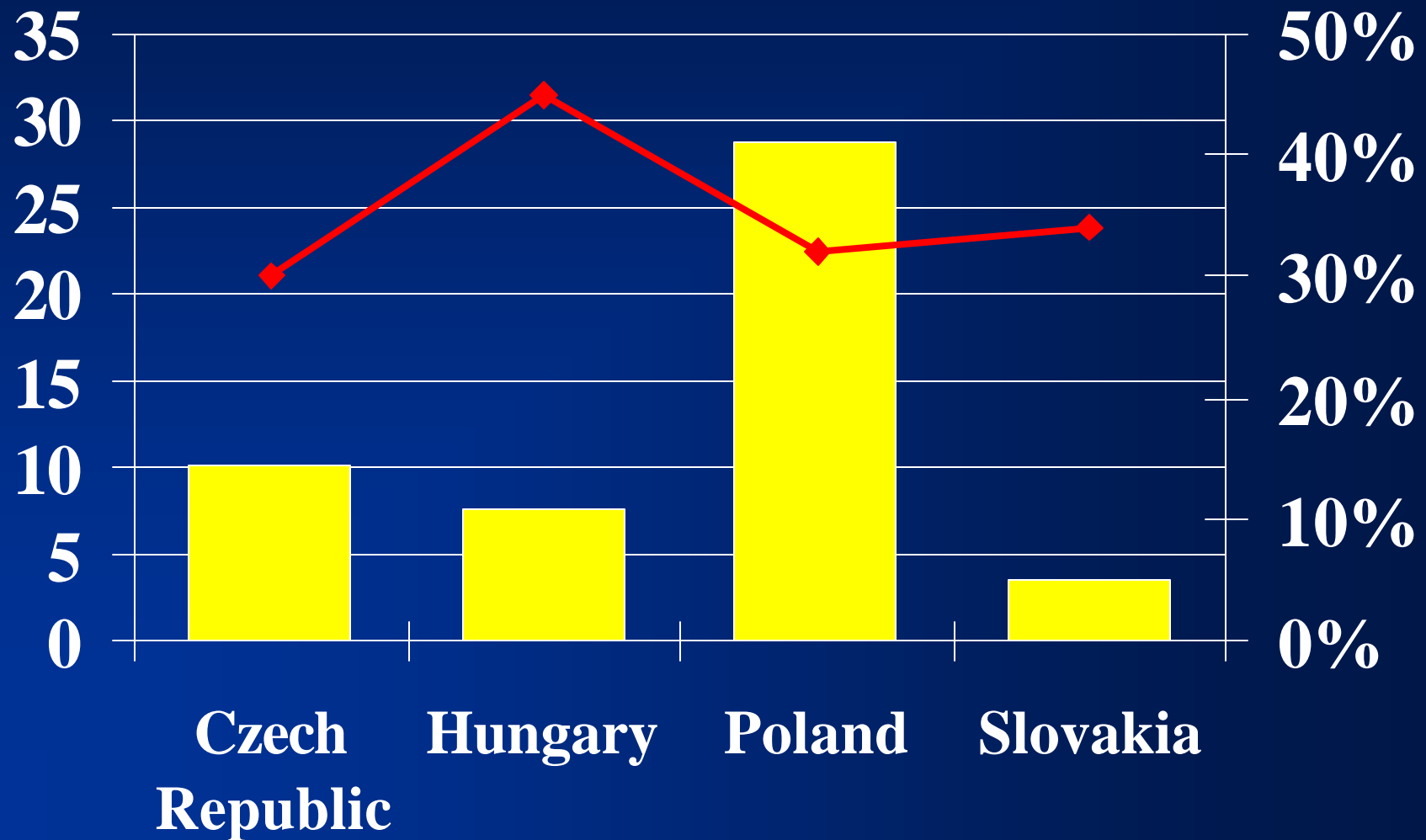
**20 February 2003**

## **Presentation Outline**

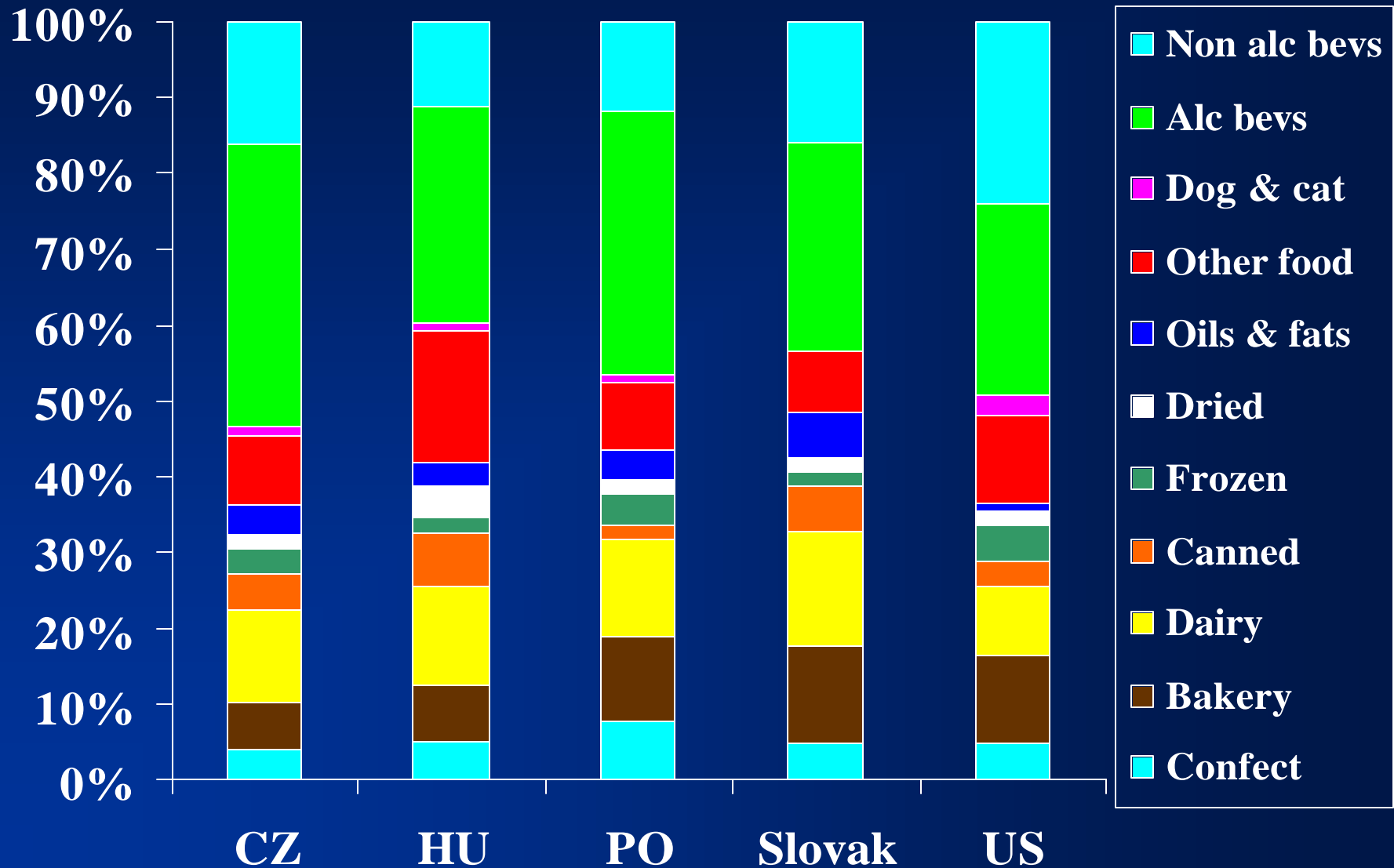
- ⇒ **Packaged food & beverages market values**
  - ⇒ **Food and beverages by sector**
  - ⇒ **Star product performers**
  - ⇒ **Growth drivers**
  - ⇒ **Key companies**
- ⇒ **Foreign direct investment (FDI)**
- ⇒ **Export trends**
- ⇒ **Future global export competitor?**
- ⇒ **Conclusion**

*Note: data excludes fresh and frozen meat cuts, fish, fruit & veg, sugar, salt, flour. Data includes petfood, alcoholic and soft beverages, and covers retail food & bev sales, plus on-premise bev sales)*

## Packaged Food & Beverages Sizes 2002 US\$ billion (growth at current local currency, 98/02)



# Packaged Food & Beverages by Sector 2002



## Star Product Performers (10%+ CAGR 1998/2002)

### Czech Rep:

- canned, frozen and dried ready meals
- spreads (honey, choc)
- sauces & dressings (esp salad, pasta, mayonnaise, vinaigrette, dried sauces)
- bot water, energy & sports drinks

### Slovakia:

- dairy (milk, cream, cheese, yoghurt, chilled desserts)
- energy bars
- dried ready meals & pasta, RTD tea
- sauces & dressings (esp. salad dressings, mayonnaise, pasta, ketchup)

### Poland:

- baby, spreads (nut, choc, jam)
- chilled (fish/seafood, pasta, ready meals, pizza, meat)
- confectionery (choc, sugar, gum)
- ice cream, snack bars
- energy & sports drinks, RTD tea

### Hungary:

- bot water, sports drinks
- frozen (poultry, ready meals, pizza, fish/seafood)
- ice cream, instant noodles
- dried ready meals, sav snacks
- sauces & dressings (pasta, wet, fermented, salad dressing)
- chilled (pasta, seafood, meat)

## Growth Drivers

⇒ Average monthly income (97/01 constant growth, local curr)

Czech US\$364 (+5%) & Hungary US\$364 (+19%)

Poland US\$418 (+16%), Slovakia US\$315 (+16%)

***US comparison \$2,154 (+20%)***

⇒ Numbers of women earners growing - primarily in service sector

⇒ Smaller households - Poland and Slovakia 1-2 person households up by 10% and 14% respectively in 1997/2000.

***US comparison 1-2 persons households up 6% and accounts for 59% of all households vs Poland 47% and Slovakia 57%***

⇒ Declining birth rates in all four countries, ageing populations a longer term trend

⇒ Entry of major retailers, more variety and brands available, increased advertising and innovation

⇒ BUT....demand tempered by high unemployment rates from the fallout of rationalising industrial and agricultural sectors.

# Top Packaged Food Companies 2001

## Czech Republic

- Nestlé
- Hamé
- Danone
- Unilever
- Jihoceske Mlekarny

## Hungary

- Pick Szeged Szalámigyár és Húsüzem Rt
- Unilever
- Friesland Coberco
- Parmalat
- Nestlé

## Slovakia

- Nöm AG
- Henkel
- Nestlé
- Philip Morris/Kraft
- Hamé

## Poland

- Unilever
- Danone
- Nestlé
- Cadbury Schweppes
- Hochland Reich, Summer & Co

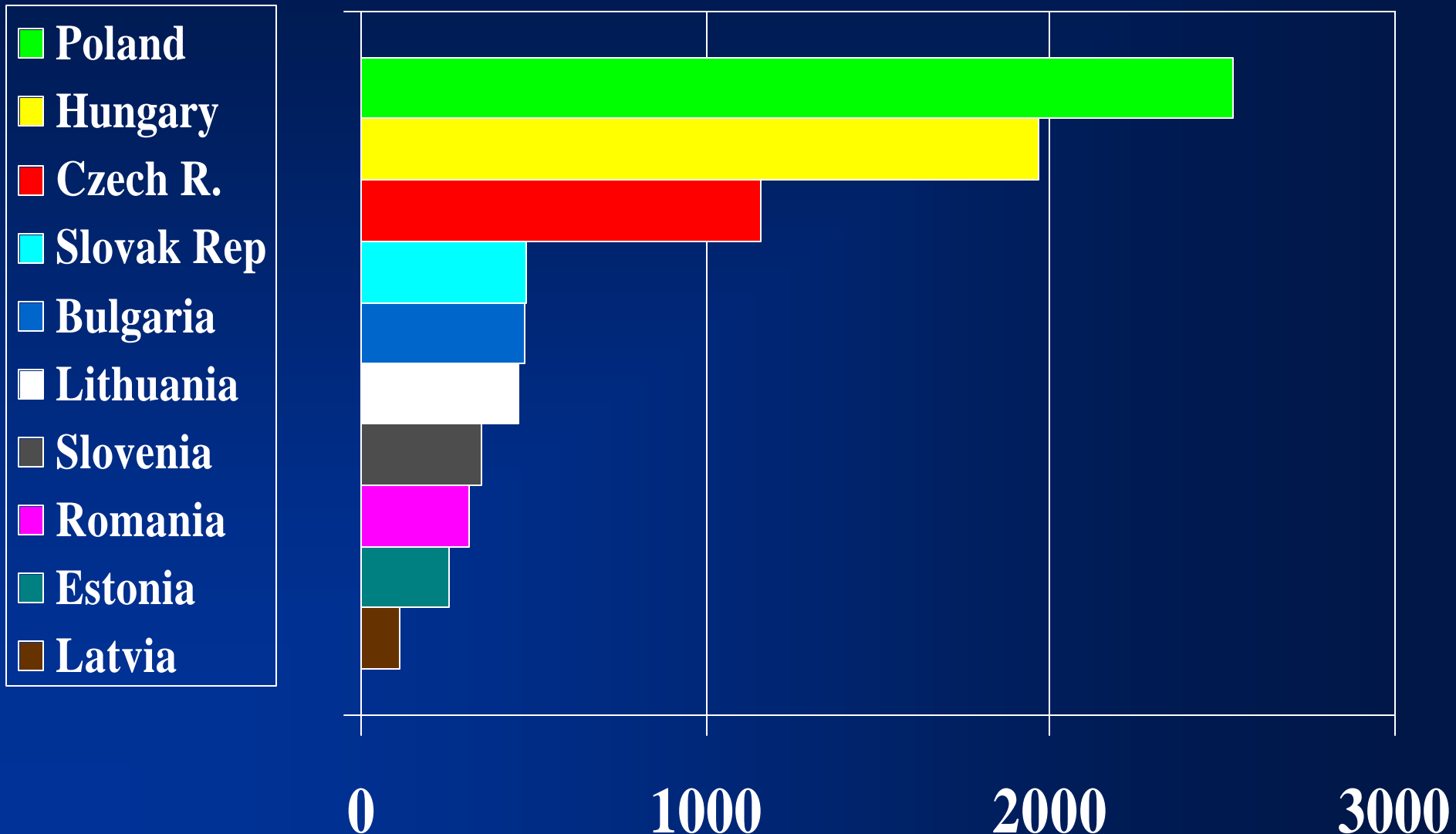
# Largest Foreign Investors in Food & Bev

## Sector 2000

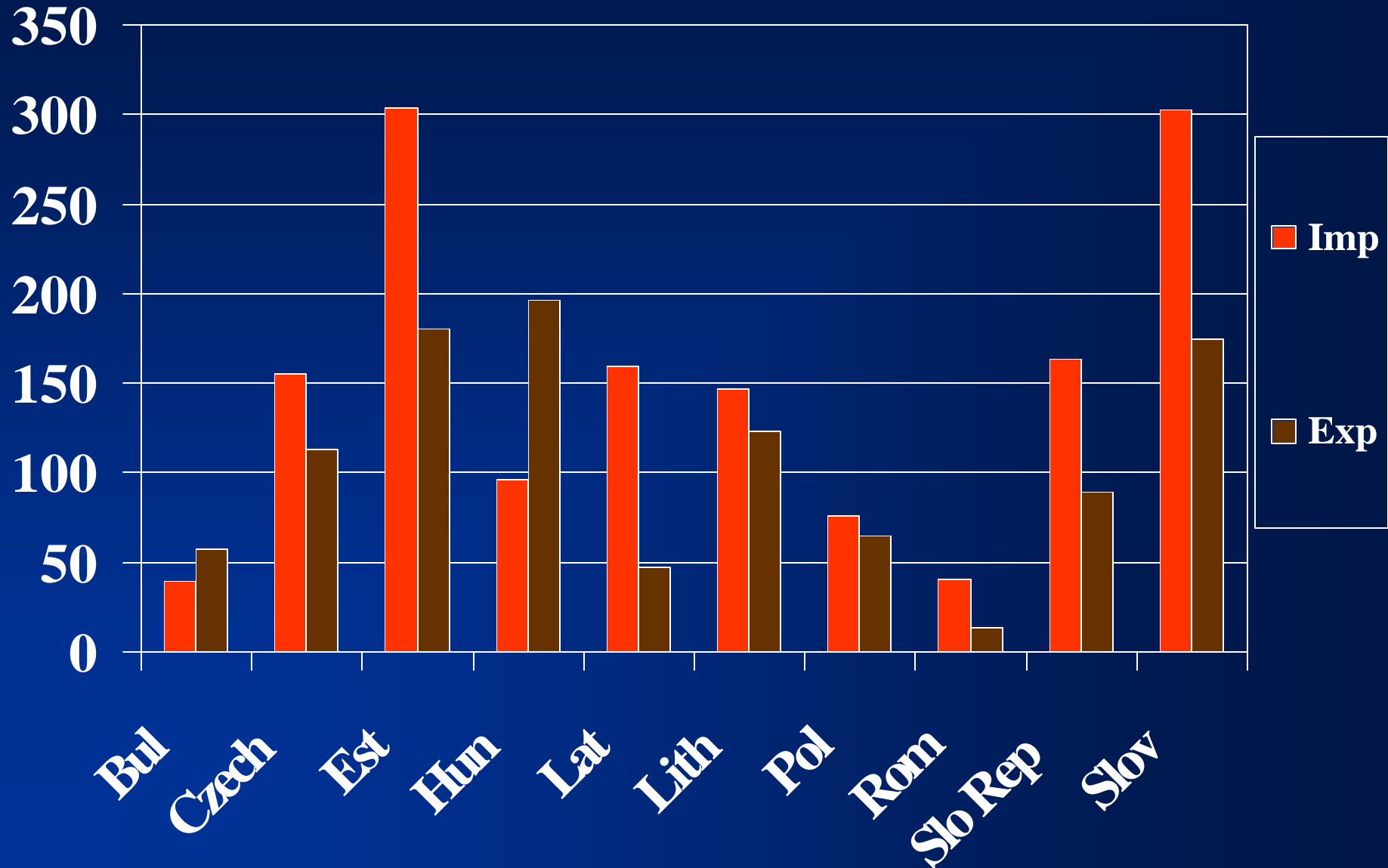
<b>Investor</b>	<b>Host country</b>	<b>Origin</b>	<b>Approx equity &amp; loans \$ million</b>	<b>Activities</b>
Coca-Cola Hellenic Bottling Co	Poland	US/Greece	500	Soft drinks
Nestle	Poland	Switzerland	348	Food processing
Coca-Cola	Hungary	US and other	300	Soft drinks
PepsiCo	Hungary	US	160	Soft drinks
Feruzzi	Hungary	Italy	160	Food
Unilever	Czech Rep	Netherlands/UK	100	Various
Sara Lee/ Douwe Egberts	Hungary	US	100	Food processing
Unilever	Hungary	Netherlands/UK	100	Food



## Food Exports Totalled US\$8,092 Million in 2000



## Food Imports & Exports Per Capita US\$ 2000



## **Future Global Competitor?**

**Potential to become global competitors is limited....**

**Future FDI is for two key reasons:**

- **Continued restructuring, training and improving product quality**
- **Growing domestic markets and competing for market share as competition stiffens**

**Export potential....**

- **Yes but geographic and economic limitations**
- **Opportunities to export to ex-Soviet countries, particularly Russia...but potential limited because of greater self sufficiency in these countries too**

## **Products for export**

### **Potential for niche, high-value products:**

- **beer, potable spirits (eg vodka), wine**
- **apple juice, frozen fruit eg cherry, raspberries**
- **honey, jellies & preserves**
- **sugar and chocolate confectionery**
- **processed fruit & veg eg sweet corn, tomato**
- **processed meat eg salami, sausages, goose liver**
- **processed fish**
- **cheese**

## Conclusion

- Domestic markets for packaged food and beverages expected to grow well in the future and key to multinational interest in the region
- Further FDI used for plant modernisation and driving demand within region.....not to create an export powerhouse
- FDI also attracted by proximity to Russia, other CIS and Balkans which offer some future growth potential
- Exports will largely be confined to EU, but trade with former trading partners to continue and likely to expand
- Room for exports of niche, select products globally

# Q&A

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